accounts produced on the specious plea of unreliability. The assessment made on such a basis would be a gross mistake as the percentage of profits would vary with the trade from one-half to two and a half. The percentage arbitrarily fixed by the Income Tax Collectors varied from five to seven and a half and even ten. Such a procedure could never be in consonance with truth or justice. Even when a trader had lost heavily in his trade, he would have to pay income tax under the procedure now followed.

He next referred to the impropriety of fixing a certain percentage of gross receipts as income liable for taxation. There was no standard by which the percentage was fixed and the officers who assessed made a free and arbitrary use of their discretionary powers. To check the unjust decisions of the subordinate officers, it was suggested that the officers should be made liable to the assessees for any damages incurred by them if it was found on appeal that their decisions had been wayward.

Then in regard to assessing incomes under 'other sources', he said that the officers concerned acted on the basis of information gathered from various sources other than from the assessee direct, and such a procedure gave free play to unjust action on the part of the officers. He suggested therefore that the officers should be asked to specify the 'other sources' of income of the assessees.

The rule enforcing the production of receipts or vouchers for all items of expenditure was another source of grievance. In a country where vouchers for every item of expenditure were not and could not from the very nature of the expenditure be obtained, it was unjust to insist on the production of such documents.

The present system of assessing the probable income from house property to income tax was illogical. On an ethical point of view assessment on the probable income was bad and it was unjust to make an owner who lived in his own house or held business in his own shop building pay tax on the probable rental value of such building.

The next point was the hardship on account of the necessity for producing current account books and ledgers before the Division Peishkar. Under the existing arrangement, traders were required to produce their accounts before the Division Peishkar. This was mentioned as a serious inconvenience to the trading classes which the Member desired should be stopped. In such cases, the Division Peishkars should be asked to camp in the localities concerned and inspect the accounts then and there.

DEWAN'S REPLY: Mr. Ittiyavira Tarian, the points you have raised will be borne in mind for consideration.

2. As regards your suggestion that the examination of an assessee's books should be made on the spot and that he should not be required to go to the Divisional head-quarters for the purpose, the Income Tax Commissioner has already issued orders that, as far as possible, the examination should be made where the merchant or the trader has his business. For instance, in the case of a Changanachery merchant who hitherto had to go to Kottayam, the Commissioner has already issued definite instructions that the Division Assistant should conduct the examination of books and accounts at Changanachery and in the presence of the assessee himself as far as possible.

18. Grievances of salt licensees and how to redress them.

MR. S. KUMARAVELU PANIKKAR (*Member, Nominated*) said that in spite of the expansion of salt cultivation in Travancore, it has not been possible to reduce ever so little the large quantity of salt imported into the country year after year and that this has been a source of serious loss to the country. The reasons for this state of affairs were the following:—

(1) The licensees of new *allams* had no *jenmom* rights in respect of the *allams* they cultivated as in the case of licensees of the Old *allams*.

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(2) The disadvantageous position in which the licensees of new *allams* were placed was due to the fact that the lands they held for the manufacture of salt were not found to be of sufficient security in the money market, with the result that the licensees of new *allams* could not easily obtain loans for investment on their factories on the security of their *allams*. The licensees of such *allams* were therefore hindered in their endeavour to put forth their best efforts to produce the maximum quantity of salt particularly in view of the approaching expiry of the period of the leases. The old licensees also had their grievances. In the case of new licensees, they were bound to supply to the Government only the stipulated quantity of salt, while in the case of licensees of old *allams*, the entire quantity of salt manufactured by them belonged to the Government, the licensees being entitled only to *kudivarom* at the rate of 2½ to 3 annas per maund of salt taken over by the Government. It was represented that the licensees of the old *allams* could not for this reason make even a very small profit.

To remedy this state of affairs it was suggested that (1) the licensees of the new *allams* should be given *jenmom* rights over the *allams* which they held and (2) the inequalities in respect of the rights and liabilities of the two classes of licensees should be done away with, the licensees of old *allams* also being given the existing advantages of the licensees of new *allams*.

The next point was about the delivery to the Government of a stipulated quantity of salt every year. This system worked hardship on the licensees as the annual output of salt was diminishing year after year and as under their agreement, they had to deliver to the Government the stipulated quantity of salt even in times of bad production arising from untoward circumstances. The licensees should therefore be required to deliver only a certain proportion of the salt produced.

The fourth point was about the attachment by the court of the entire quantity of salt at the disposal of licensees which resulted in their difficulty to find suitable contractors for the sale of their salt, as the contractors would have to go without any profit in case the salt produced by the licensees was attached by the court towards any debt. Attachment orders should therefore be issued only in case the creditor was prepared to secure the cost of production of salt attached which may be fixed at 2 annas per maund.

Fifthly, the Member requested that common *maramat* works in the factories should be attended to by a committee consisting of the Assistant Excise Commissioner and the Excise Inspector and representatives of the licensees, the expenditure for the purpose being met from the sale proceeds of the salt produced by the licensees on their respective *allams*. In regard to major works also, the Government should undertake such works at their cost as they were doing in the interests of paddy cultivation and the amount so spent might be recouped from the licensees by five or ten annual instalments.

Lastly, the weighment of salt before storage was a serious hardship and licensees incurred heavy loss on that account. The quantity of salt produced might be ascertained if the system followed in Bombay could be adopted in Travancore *allams*. The weight of the salt could easily be estimated from its cubic contents, one and a half cubic feet of salt weighing one maund. Such a system, if followed, would result in no loss to the Government and be of considerable advantage to the licensees.

DEWAN'S REPLY: Mr. Kumaravelu Panikkar, your representations for bettering the position of the salt factory licensees are noted for consideration.

19. Temperance.

MR. PUNNOSE JACOB (*Member, Municipal Council, Kottayam*) explained the evils and misery to the individual and the society brought on by drinking and said that the proximity of liquor shops promoted the drink habit. It had no support in any religion and the Western countries were moving towards prohibition. He quoted what Mr. Lloyd George said about the evils of drinking and instanced the action taken by the Russian Emperor and the United States of America. The

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